



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE  
CHIEF DEPUTY

October 11, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

**SUBJECT: DEPARTMENT OF PARKS AND RECREATION  
FINANCIAL/COMPLIANCE AUDITS OF REVENUE AGREEMENTS**

At the request of the Department of Parks and Recreation (DPR), we contracted with a private Certified Public Accountant, Mayer Hoffman McCann P.C., to conduct financial/compliance audits of nine DPR golf course and recreation area revenue agreements. The audits were intended to determine whether the contractors properly reported their gross receipts and paid the correct rent to the County.

The audits disclosed that five contractors underpaid the County by a total of \$12,048, and one contractor overpaid the County by \$3,493. The remaining three contractors properly reported their gross receipts and paid all rent due to the County.

The under and over payments were due to the contractors incorrectly reporting their gross receipts to the County. One of the contractors, Knollwood Golf Course, accounted for \$10,512 of the total underpayment. Knollwood's underpayment occurred because they classified some banquet service charges as Other Revenue, of which the County receives 5%, when they should have classified it as Facility Rental Revenue, of which the County receives 25%.

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Mayer Hoffman McCann P.C. met with DPR and each contractor to discuss the results of the audits. DPR has collected \$11,741 of the underpayments and has initiated collection efforts for the remaining \$307. DPR has credited the contractor for the \$3,493 overpayment.

Attached is a summary of the golf course/recreation area agreements that were audited and the amounts under/over paid to the County. If you would like to review any of the individual reports, please call me or your staff may call Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS:TK:MR

Attachment

c: William T Fujioka, Chief Executive Officer  
Russ Guiney, Director, Department of Parks and Recreation  
Sachi A. Hamai, Executive Officer  
Public Information Office  
Audit Committee

**DEPARTMENT OF PARKS AND RECREATION  
FINANCIAL/COMPLIANCE AUDITS OF REVENUE AGREEMENTS  
FISCAL YEAR 2005-06**

| <b>Facility</b>                    | <b>Agreement Type</b> | <b>Amount Under/(Over) Paid to the County</b> |
|------------------------------------|-----------------------|---|
| Knollwood Golf Course              | Lease                 | \$10,512                                      |
| Castaic Food, Boat, and Bait       | Concession            | \$674   |
| Bonelli Park Group Picnic          | Concession            | \$409   |
| La Mirada Tennis Center            | Concession            | \$307   |
| Bonelli Community Spa              | Concession            | \$146   |
| Diamond Bar Golf Course            | Lease                 | \$0   |
| La Mirada Golf Course              | Lease                 | \$0   |
| Santa Anita Golf Course            | Lease                 | \$0   |
| Los Amigos Golf Course             | Lease                 | (\$3,493)                                     |
| <b>TOTAL NET DUE TO THE COUNTY</b> |                       | <b>\$8,555</b>                                |